Abstract

A company issues an instrument including a claim upon its assets whose priority in the event of bankruptcy or liquidation varies as a result of one or more specified qualifying events which may be experienced by the company. The claim takes the form of a security which in its initial form is a bond or some other instrument evidencing debt. Following the occurrence of one of the specified events the claim is transformed into a claim upon the company which has a lower level of seniority in the event of bankruptcy or liquidation than the original form of the claim, for example an equity instrument.